



Dave Yost • Auditor of State



PLYMOUTH TOWNSHIP  
ASHTABULA COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Plymouth Township  
Ashtabula County  
4350 Runkle Avenue  
Ashtabula, Ohio 44004

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Plymouth Township, Ashtabula County, (the Township) as of and for the years ended December 31, 2016 and 2015.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section

117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2016 and 2015, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Plymouth Township, Ashtabula County as of December 31, 2016 and 2015, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 1, 2017, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 1, 2017

**Plymouth Township**  
*Ashtabula County, Ohio*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2016*

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$85,724	\$290,033		\$55,443	\$431,200
Charges for Services		12,426			12,426
Licenses, Permits and Fees	305	3,070			3,375
Intergovernmental	26,559	166,236		3,025	195,820
Special Assessments		4,208			4,208
Earnings on Investments	444	193		366	1,003
Miscellaneous	3,977	1,940			5,917
<i>Total Cash Receipts</i>	<u>117,009</u>	<u>478,106</u>	<u>0</u>	<u>58,834</u>	<u>653,949</u>
<b>Cash Disbursements</b>					
Current:					
General Government	89,754	76,963		1,017	167,734
Public Safety		18,886			18,886
Public Works	767	240,814			241,581
Health	20,375	4,295			24,670
Other	18				18
Capital Outlay		62,820		365,048	427,868
Debt Service:					
Principal Retirement			79,237		79,237
Interest and Fiscal Charges			5,933		5,933
<i>Total Cash Disbursements</i>	<u>110,914</u>	<u>403,778</u>	<u>85,170</u>	<u>366,065</u>	<u>965,927</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	6,095	74,328	(85,170)	(307,231)	(311,978)
<b>Other Financing Receipts (Disbursements)</b>					
Transfers In			84,886		84,886
Transfers Out		(27,427)		(57,459)	(84,886)
Advances In	1,020	1,020			2,040
Advances Out	(1,020)	(1,020)			(2,040)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>(27,427)</u>	<u>84,886</u>	<u>(57,459)</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	6,095	46,901	(284)	(364,690)	(311,978)
<i>Fund Cash Balances, January 1</i>	16,359	371,644	292	500,561	888,856
<b>Fund Cash Balances, December 31</b>					
Restricted		418,545	8	135,871	554,424
Unassigned (Deficit)	22,454				22,454
<i>Fund Cash Balances, December 31</i>	<u>\$22,454</u>	<u>\$418,545</u>	<u>\$8</u>	<u>\$135,871</u>	<u>\$576,878</u>

See accompanying notes to the basic financial statements

**Plymouth Township**  
*Ashtabula County, Ohio*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balance (Cash Basis)*  
**Fiduciary Fund Type**  
*For the Year Ended December 31, 2016*

	Fiduciary Fund Type
	Agency
<b>Operating Cash Receipts</b>	
Charges for Services	
Licenses, Permits and Fees	\$1,000
<i>Total Operating Cash Receipts</i>	1,000
<b>Operating Cash Disbursements</b>	
Purchased Services	1,490
<i>Total Operating Cash Disbursements</i>	1,490
<i>Operating Income (Loss)</i>	(490)
<b>Non-Operating Receipts (Disbursements)</b>	
Fire Escrow Recieved	
Fire Escrow Returned	(17,066)
<i>Total Non-Operating Receipts (Disbursements)</i>	(17,066)
<i>Net Change in Fund Cash Balances</i>	(17,556)
<i>Fund Cash Balances, January 1</i>	17,906
<i>Fund Cash Balances, December 31</i>	\$350

*See accompanying notes to the basic financial statements*



**Plymouth Township**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Plymouth Township, Ashtabula County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

The Township participates in a public entity risk pool. Note 6 provides additional information for this entity:

Public Entity Risk Pool:  
*Ohio Township Association Risk Management Authority (OTARMA) Note 6*

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

***General Fund:*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds:*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Road and Bridge Fund: This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Gasoline Tax Fund: This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

Motor Vehicle License Tax: These funds receive tax money generated from motor vehicle licenses.

Cemetery Fund: This fund receives money from fees for burials and sales of cemetery lots.

Fire/EMS Fund: These funds receive property tax money for providing fire protection and emergency medical services to Township residents and purchasing and maintaining equipment for these services.

**Plymouth Township**  
Ashtabula County  
Notes to the Financial Statements  
For the Year Ended December 31, 2016  
(Continued)

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Special Assessment – Street Lighting: This fund receives money from property owners through special assessments approved by the County Budget Commission.

**Debt Service Funds:** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Funds:

Note Retirement Fund: This fund receives tax money to repay debt issued for the purchase of an ambulance and a road grader, as well as construction of a new road department facility.

**Capital Project Funds:** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project funds:

Permanent Improvement Fund: This fund receives property tax money for the acquisition, replacement, enhancement or maintenance of any property, asset, or improvement with an estimated life or usefulness of five years or more, including land and interests therein, and reconstructions, enlargements, and extensions thereof having an estimated life or usefulness of five years or more.

Capital Improvement Fund - The Township used savings, passed a permanent improvement levy and received a loan to construct a new road department facility.

Public Works Project - The township received a grant from the state for capital improvements to a township road. The proceeds are restricted for capital improvement.

**Fiduciary Funds:** Agency Funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government.

Demolition Fund: This fund holds insurance proceeds as a security against the cost of removing, repairing or securing fire damaged property.

Hall Rental Deposits: This fund holds deposits place to secure rental of the Township Community Room. Deposits are returned to the renter upon satisfactory condition after the rental.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

**Plymouth Township**  
Ashtabula County  
Notes to the Financial Statements  
For the Year Ended December 31, 2016  
(Continued)

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**Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**Appropriations:** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

**Estimated Resources:** Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

**Encumbrances:** The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are cancelled, and reappropriated in the subsequent year.

A summary of 2016 budgetary activity appears in Note 3.

**Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**Nonspendable:** The Township classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

**Restricted:** Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**Committed:** Trustees can commit amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned:** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**Unassigned:** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

**Plymouth Township**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$128,845	\$117,009	(\$11,836)
Special Revenue	525,166	478,106	(47,060)
Debt Service	89,545	84,866	(4,679)
Capital Project	118,886	58,834	(60,052)
Fiduciary (Agency Funds)	1,000	1,000	0
Total	\$863,442	\$739,815	(\$123,627)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$119,030	\$110,914	\$8,116
Special Revenue	563,978	431,203	132,775
Debt Service	88,009	85,170	2,839
Capital Projects	555,976	423,524	132,452
Fiduciary (Agency Funds)	18,806	18,556	250
Total	\$1,345,799	\$1,069,367	\$336,432

**Note 4 – Deposits and Investments**

The Township maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

Demand deposits	2016 \$183,543
Other time deposits (savings and NOW accounts)	393,685
Total deposits	\$577,228

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation, or collateralized by securities specifically pledged by the financial institution to the Township

**Plymouth Township**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

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**Note 5 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**Note 6 - Risk Management**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2015, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. Plymouth Township had an increased contribution in 2016 due to acquisition of a new ambulance and additional values to Fire Department equipment and structures. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<b>Contributions to OTARMA 2016</b>
\$21,442

**Plymouth Township**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

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After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Note 7 - Defined Benefit Pension Plans**

**Ohio Public Employees Retirement System:** Six employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Township contributed an amount equaling 14%, of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

**Social Security:** Twelve township zoning board members, paid per meeting, contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

**Note 9 – Debt**

Debt outstanding at December 31, 2016 was as follows:

<u>Principal</u>	<u>Interest Rate</u>
199,500	2.57%
<u>\$199,500</u>	

The Township issued general obligation notes to finance the purchase of a new road grader, new ambulance and to construct a new road department facility. The Township's taxing authority collateralized the notes.

**Plymouth Township**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

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Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	General Obligation Notes
2017	\$69,435
2018	67,917
2019	66,398
2020	9,194
Total	<u>\$212,944</u>

**Plymouth Township**  
*Ashtabula County, Ohio*  
**Combined Statement of Receipts, Disbursements**  
**and Changes in Fund Balances (Cash Basis)**  
*All Governmental Fund Types*  
**For the Year Ended December 31, 2015**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$77,229	\$297,799		\$59,059	\$434,087
Charges for Services		29,135			29,135
Licenses, Permits and Fees	305	3,980		900	5,185
Intergovernmental	28,970	163,267			192,237
Special Assessments		3,308			3,308
Earnings on Investments	551	168		535	1,254
Miscellaneous	2,565	3,704		43	6,312
<i>Total Cash Receipts</i>	<u>109,620</u>	<u>501,361</u>	<u>0</u>	<u>60,537</u>	<u>671,518</u>
<b>Cash Disbursements</b>					
Current:					
General Government	96,563	98,916		1,066	196,545
Public Safety		32,886			32,886
Public Works	977	265,128			266,105
Health	20,397	5,065			25,462
Other	27				27
Capital Outlay		187,280		65,748	253,028
Debt Service:					
Principal Retirement			84,465		84,465
Interest and Fiscal Charges			6,649		6,649
<i>Total Cash Disbursements</i>	<u>117,964</u>	<u>589,275</u>	<u>91,114</u>	<u>66,814</u>	<u>865,167</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(8,344)</u>	<u>(87,914)</u>	<u>(91,114)</u>	<u>(6,277)</u>	<u>(193,649)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Notes		45,000			45,000
Transfers In		457	91,346		91,803
Transfers Out	(457)	(29,001)		(62,345)	(91,803)
Advances In	1,060	1,060			2,120
Advances Out	(1,060)	(1,060)			(2,120)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(457)</u>	<u>16,456</u>	<u>91,346</u>	<u>(62,345)</u>	<u>45,000</u>
<i>Net Change in Fund Cash Balances</i>	<u>(8,801)</u>	<u>(71,458)</u>	<u>232</u>	<u>(68,622)</u>	<u>(148,649)</u>
<i>Fund Cash Balances, January 1</i>	<u>25,160</u>	<u>443,102</u>	<u>60</u>	<u>569,183</u>	<u>1,037,505</u>
<b>Fund Cash Balances, December 31</b>					
Restricted		371,644	292	500,561	872,497
Unassigned (Deficit)	16,359				16,359
<i>Fund Cash Balances, December 31</i>	<u>\$16,359</u>	<u>\$371,644</u>	<u>\$292</u>	<u>\$500,561</u>	<u>\$888,856</u>

See accompanying notes to the basic financial statements



**Plymouth Township**  
*Ashtabula County, Ohio*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balance (Cash Basis)*  
**Fiduciary Fund Type**  
*For the Year Ended December 31, 2015*

	Fiduciary Fund Type
	Agency
<b>Operating Cash Receipts</b>	
Licenses, Permits and Fees	\$1,050
<i>Total Operating Cash Receipts</i>	1,050
<b>Operating Cash Disbursements</b>	
Purchased Services	900
<i>Total Operating Cash Disbursements</i>	900
<i>Operating Income (Loss)</i>	150
<b>Non-Operating Receipts (Disbursements)</b>	
Fire Escrow Recieved	20,893
Fire Escrow Returned	(3,827)
<i>Total Non-Operating Receipts (Disbursements)</i>	17,066
<i>Net Change in Fund Cash Balances</i>	17,216
<i>Fund Cash Balances, January 1</i>	690
<i>Fund Cash Balances, December 31</i>	\$17,906

*See accompanying notes to the basic financial statements*

**Plymouth Township**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Plymouth Township, Ashtabula County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

The Township participates in a public entity risk pool. Note 9 provides additional information for this entity:

Public Entity Risk Pool:

*Ohio Township Association Risk Management Authority (OTARMA) Note 9*

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**Note 2 - Summary of Significant Accounting Policies**

**Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**Deposits and Investments**

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds are recorded at share values the mutual funds report.

**Fund Accounting**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

**General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Road and Bridge Fund: This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

**Plymouth Township**  
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Gasoline Tax Fund: This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

Motor Vehicle License Tax: These funds receive tax money generated from motor vehicle licenses.

Cemetery Fund: This fund receives money from fees for burials and sales of cemetery lots.

Fire/EMS Fund: These funds receive property tax money for providing fire protection and emergency medical services to Township residents and purchasing and maintaining equipment for these services.

Special Assessment – Street Lighting: This fund receives money from property owners through special assessments approved by the County Budget Commission.

### **Debt Service Funds**

This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Funds:

Note Retirement Fund: This fund receives tax money to repay debt issued for the purchase of an ambulance and a road grader, as well as construction of a new road department facility.

### **Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project fund:

Permanent Improvement Fund: This fund receives property tax money for the acquisition, replacement, enhancement or maintenance of any property, asset, or improvement with an estimated life or usefulness of five years or more, including land and interests therein, and reconstructions, enlargements, and extensions thereof having an estimated life or usefulness of five years or more.

Capital Improvement Fund - The Township used savings, passed a permanent improvement levy and received a loan to begin construction of a new road department facility. The Township also used this fund to construct a new playground.

### **Fiduciary Funds**

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government.

Demolition Fund: This fund holds insurance proceeds as a security against the cost of removing, repairing or securing damaged property.

Hall Rental Deposits: This fund holds deposits placed to secure rental of the Township Community Room. Deposits are returned to the renter upon satisfactory condition after the rental.

**Plymouth Township**  
Ashtabula County  
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For the Year Ended December 31, 2015  
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**Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

**Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2015 budgetary activity appears in Note 4.

**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**Nonspendable**

The Township classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

**Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**Committed**

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**Plymouth Township**  
*Ashtabula County*  
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*For the Year Ended December 31, 2015*  
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**Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Property, Plant, and Equipment**

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**Note 3 – Deposits and Investments**

The Township maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2015
Demand deposits	\$207,939
Other time deposits (savings and NOW accounts)	698,823
Total deposits	\$906,762

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$110,239	\$109,620	\$619
Special Revenue	527,669	546,818	19,149
Debt Service	92,114	91,346	(768)
Capital Projects	60,466	60,537	71
Fiduciary (Agency Funds)	21,693	21,943	250
Total	\$812,181	\$830,264	\$19,321

**Plymouth Township**  
*Ashtabula County*  
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*For the Year Ended December 31, 2015*  
*(Continued)*

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$119,863	\$118,421	\$1,442
Special Revenue	732,397	618,276	114,121
Debt Service	91,114	91,114	0
Capital Projects	370,919	129,159	241,760
Fiduciary (Agency Funds)	4,826	3,827	999
Total	\$1,319,119	\$960,797	\$358,322

**Note 5 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**Note 6 – Debt**

Debt outstanding at December 31, 2015 was as follows:

Principal	Interest Rate
283,237	2.92%
\$283,237	

The Township issued general obligation notes to finance the purchase of a new road grader, new ambulance and to construct a new road department facility. The Township's taxing authority collateralized the notes.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	General Obligation Notes
2016	85,785
2017	69,435
2018	67,917
2019	66,398
2020	9,194
Total	\$298,729

**Plymouth Township**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*  
*(Continued)*

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**Note 7 - Defined Benefit Pension Plans**

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS), with the exception of the Fiscal Officer, who is under Social Security. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2015, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

**Social Security:** Twelve township zoning board members, paid per meeting, contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

**Note 9 - Risk Management**

The Township is exposed to various risks of property and casualty losses, and injuries to its employees.

The Township insures against injuries to employees through the Ohio Bureau of Workers' Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2015, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**Plymouth Township**  
*Ashtabula County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*  
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Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2015:

	<u>2015</u>
Assets	\$37,313,311
Liabilities	8,418,518
Net Position	\$28,894,793

At December 31, 2015, the liabilities above include approximately \$7.8 million of estimated incurred claims payable. The assets above also include approximately \$7.7 million of unpaid claims to be billed to approximately 989 member governments in the future, as of December 31, 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Township's share of these unpaid claims collectible in future years is approximately \$10,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<b>Contributions to OTARMA 2015</b>
\$18,056

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.





# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Plymouth Township  
Ashtabula County  
4350 Runkle Avenue  
Ashtabula, Ohio 44004

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements by fund type of Plymouth Township, Ashtabula County, (the Township) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, and have issued our report thereon dated August 1, 2017 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

**Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

**Purpose of this Report**

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 1, 2017



# Dave Yost • Auditor of State

PLYMOUTH TOWNSHIP

ASHTABULA COUNTY

## CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
AUGUST 17, 2017